EAST Search History

Ref #	Hits	Search Query	DBs	Default Operator	Plurals	Time Stamp
S3	16103	substitut$4 near (product item)	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 13:40
S4	207	S3 and profit	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 13:41
S5	52	S4 and (@pd<"19990630" or @ad<"19990630" or @prad<"19990630" or @rlad<"19990630")	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 13:58
S6	45	suggest$4 with ((alternat$4 substitut$4) near (product item)) and (@pd<"19990630" or @ad<"19990630" or @prad<"19990630" or @rlad<"19990630")	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 16:54
S7	44	S6 not S5	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 14:01
S10	16604	((alternat$4 substitut$4) near (product item)) and (@pd<"19990630" or @ad<"19990630" or @prad<"19990630" or @rlad<"19990630")	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 17:00
S12	124	S10 and profit	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 17:06
S13	16103	substitut$4 near (product item)	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 17:06

EAST Search History

S14	207	S13 and profit	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 17:06
S15	52	S14 and (@pd<"19990630" or @ad<"19990630" or @prad<"19990630" or @rlad<"19990630")	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 17:06
S16	45	suggest$4 with ((alternat$4 substitut$4) near (product item)) and (@pd<"19990630" or @ad<"19990630" or @prad<"19990630" or @rlad<"19990630")	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/22 17:06
S23	241	upsel$4 and (@pd<"19990630" or @ad<"19990630" or @prad<"19990630" or @rlad<"19990630")	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/23 11:37
S24	3	S23 and ((alternat$4 substitut$4) near (product item))	US-PGPUB; USPAT; USOCR; EPO; JPO; DERWENT; IBM_TDB	OR	ON	2006/02/23 11:38

Set	Items	Description
S1	7	UPSELL??? (5N) ((SUBSTITUTE? OR ALTERNATE?) (2N) (PRODUCT? OR ITEM))
S2	8	UPSELL??? (5N) ((SUBSTITUTE? OR ALTERNATE?) (2N) (PRODUCT? OR ITEM?))
S3	8	UPSELL??? (5N) ((SUBSTITUTE? ? OR ALTERNATE? ?) (2N) (PRODUCT? ? OR ITEM? ?))
S4	41	(UPSELL??? (8N) PROFIT????) NOT PY>1999
S5	34	RD (unique items)

ABSTRACT:
Direct marketers are currently turning to inbound reps since the increased
costs of mailing have prompted the need to increase order sizes and become
profit centers. They are also embracing the **upselling** and cross-selling
concepts as they promise to increase average order size and help retain
customers by turning single-buyers into multi-buyers and increasing their
involvement with the company. Indeed, the reach and scope of both concepts
have already expanded. Upselling efforts of late continue deep within the
database and extend outward through follow-up efforts such as mail, e-mail,
and outbound telemarketing. Lillian Vernon (Rye, NY), a catalog company,
is a good example of the progression of cross-selling within the call
center. It makes use of upselling as a means to sell overstocks and
discontinued merchandise and to expedite sales of slow items in its current
edition instead of waiting for the next mailing to add a discount. The
company also does a limited amount of cross-selling between catalog volumes
as well as extensive upselling of inexpensive add-ons. Article discusses
the upselling initiatives of Lillian Vernon.

TEXT:
BY KELLY J. ANDREWS

UPSELLING AND CROSS-SELLING EFFORTS ARE NO LONGER AN AFTERTHOUGHT, BUT A
CORE STRATEGY. LILLIAN VERNON AND AMERICAN CENTURY INVESTMENTS SHARE
DETAILS OF TWO VERY DIFFERENT UPSELLING PROGRAMS

EVERY GOOD RETAIL salesperson upsells--this handbag to match that dress,
the lamp to complement the sofa. To contrast, telephone reps, lacking
face-to-face contact, used to function as mere order-takers, not
salespeople. Direct marketers relied on persuasive copy to sell, not their
inbound reps.

This outdated reality has changed. The reasons are several: First, the
increased costs of mailing have put pressure on call centers to increase
order sizes and become **profit** centers. Second, **upselling** and
cross-selling efforts not only increase average order size, but also help
retain customers by turning single-buyers into multi-buyers and upping
their involvement with the company.

photo omitted

The reach and scope of upselling and cross-selling have expanded. Now
upselling efforts begin in the call center, continue deep within the
database and extend outward through follow-up efforts, such as mail,
e-mail and outbound telemarketing.

Says Kevin Faulkner of RightPoint Software, which produces Real-Time

Marketing Suite, "Any time you're communicating with a customer, you have a marketing opportunity. If someone comes to your Web site, and you have special products or promotions, instead of making an offer with an off-line call, you can integrate it. If someone calls you with a service request, you have the opportunity to make an upsell."

UPSELLING IN THE CALL CENTER
Lillian Vernon is a good example of the progression of cross-selling within the call center.

David Hochberg, vice president of public affairs at the Rye, NY, catalog company, explains, "We have traditionally in the past used upselling as a means to sell overstocks and discontinued merchandise. You call our 800 number and at the end of the transaction, the rep is trained to say, 'Would you like to hear what items we have on sale?' Most consumers find that very compelling because everyone wants a bargain."

Lillian Vernon uses upselling to speed sales of slow items in its current edition instead of waiting for the next mailing to add a discount. Mike Berg, vice president of customer communications, explains that as responses come in for each edition, Lillian Vernon tracks which items are selling slowly and cuts the prices, decreasing overstocks before they happen.

CROSS-SELLING LIMITATIONS

While cross-selling opportunities and suggestive selling are unlimited on the Web, a catalog still can display only a finite number of items, restricting cross-sell opportunities to a certain degree. For example, Lillian Vernon reps identify which catalog volume the customer is using before they make offers.

Says Hochberg, "If you are using catalog volume 908, the rep knows which items to offer von. Say you're ordering from Lillian Vernon's home decor catalog. Well, obviously, we can't sell you anything from Lilly's Kids catalog because you don't have that in front of you."

In fact, Lillian Vernon does a limited amount of cross-selling between catalog volumes, as well as extensive upselling of inexpensive add-ons. Says Hochberg, "Some things we can sell unseen. A lot of our products require batteries, and you can upsell batteries because you need them to make the product work. There is a handful of items that you don't need to see a picture."

Explains Liz Kislik, a call center consultant with Liz Kislik and Associates, "It's possible to sell items that aren't in the book, but you have to be careful. If you sell something that's not in the catalog, it has to be easily understood and visualized. Otherwise you send returns through the roof."

While selling between different catalog volumes such as Lillian Vernon's home decor and holiday editions is possible, marketers who have multiple, discrete titles have even more difficulty selling between them. Why? In order to cross-sell between books, their databases must be integrated on a product level. For most multititle publishers, this isn't practicable.

Al Langsenkamp, chairman of Sigma Micro Corp., brings up the example of Lands' End. He explains, "When Lands' End was in its acquisition phase, they bought Territory Ahead and Willis and Geiger. At one point in time, they had as many as five operations on our system."

If the databases had been integrated, Lands' End's later sale of several

titles would have been a complicated extrication. Langsenkamp advises keeping customer records separate but consistent, then upselling within a single book only. "You can still cross-mail," he says.

Kislik points out another major stumbling block for between-book cross-selling in the call center: the Federal Trade Commission's Telephone Sales Rule. Normally, catalog call center reps are exempted from the rule if they only upsell items within the catalog in front of the customer. When they expand their sales efforts to items that aren't on the page, they qualify as telemarketers and are subject to the restrictions of the rule (see "Legal Beat," Target Marketing, October 1999, p. 91).
Says Kislik, "If you bring the Telemarketing Sales Rule into play, when you examine all the factors related to compliance, it may not be worth doing."

INSPIRING SALES REPS

Some call center managers find that inbound reps are resistant to selling, but Lillian Vernon has avoided that problem through upfront hiring practices. Says Hochberg, "When we hire representatives, we make sure they're more than just order-takers. We want people with selling skills."

photo omitted

In addition to hiring gifted salespeople, Lillian Vernon encourages reps with cash incentives. Berg says that his reps are compensated on a per-upsell basis, rather than on straight commission. Thus, a rep who upsells batteries is rewarded the same way as one who sells a comforter to go with a sheet set.

Other call centers choose different compensation strategies. Which method works best, says Kislik, "depends on the environment and the structure of the program."
She continues, "If you are evaluating people on effort, then it generally makes sense to make it part of base pay. If your intent is to reward them for results, then you have to give them more leeway to achieve results. Then it may make more sense to give commission."

Lillian Vernon's upselling program is designed to generate maximum sales. In fact, reps are trained to make an upsell offer on every call. Explains Berg, "The only time we don't upsell is during peak holiday weeks, and that's only for a half-hour here or there during spikes."

Kislik offers a different point of view: "The rep should have some discretion. When reps feel forced, there may be some sort of backlash. If they have discretion, they're usually more committed to the program."

She says that there are times when reps sense that an upsell is not the best move, for example, if the customer happens to be buying that chic black dress for a funeral, not a cocktail party.

Hochberg says that although an upsell attempt is made with every call, "We don't jam it down the customers' throats. If the customer makes any objection, the reps are trained to back off."
Berg explains, "We don't look at it as a cold sell. It's really a customer service. If a customer orders a toy that needs batteries, if we tell them so and offer them batteries tot $2.99, that's a service."

"The trick is knowing when to approach a customer with an upsell," Kislik says. She suggests that some apparent objections, such as when a customer claims to have a tight budget, can be overcome.

"We all buy stuff that's over our budgets sometimes if it's something we really want," she says.

RightPoint's Faulkner advises, "In a call center, you're not trying to push hard-core sales messages. You want to be subtle. You only want to make offers that fit."

NEW TOOLS FOR CROSS-SELLING

Lillian Vernon's long-established upselling program for overstocks is only the beginning of its upselling efforts.

Hochberg says the company recently enhanced its proprietary order-taking software so that reps can upsell appropriate items based on the products customers choose.

"You buy a dinnerware set, and if we have matching mugs, the computer will prompt the rep to ask the customer about the mugs," he explains.

photo omitted

The upsell suggestions appear to reps as screen prompts, which are needed, Hochberg says, because of the vast Lillian Vernon product database. He explains, "The challenge is that we sell 6,000 SKUs, and although our reps experts on the products, 6,000 products is a lot to memorize."

Mike Berg says that Lillian Vernon's buyers make the selections of the cross-selling products that are programmed to pop up as screen prompts for inbound reps. While group-filtering or real-time data modeling software can be used to generate upsell suggestions on the fly, Lillian Vernon considers its buyers to be the best merchandisers and relies on their judgment to choose complementary upsell offers.

Lillian Vernon also engages in external upselling with a program run by Magazine Direct. Before the termination of the call, the rep offers the customer the add-on of low-priced magazine subscriptions. Other examples of external upsell companies include MemberWorks and Triad Discount Buying Service, which market membership clubs as add-ons to partners' catalog sales.

Heidi Meyer, Lillian Vernon's vice president of specialty marketing, runs the Magazine Direct program. She explains, "At this point, we have a series of eight or so top magazines that we offer. They're general interest titles: women, men, we even have a kids' title."

First a rep offers the most popular titles, and if the consumer is not responsive, he or she suggests one of about 200 secondary titles. These suggestions are up to the rep's discretion. However, Meyer says that Lillian Vernon is developing targeting capability so reps will be prompted to suggest magazines based on the customer's demographics or purchase choices.

CROSS-SELLING AFTER THE FACT

Upselling during a call is a customer service function, whether managed with high-tech tools, such as a real-time database, or low-tech means, such as a buyer's expertise. Cross-selling after the call is a database function.
For example, Lillian Vernon segments its lists extensively to mail specialized versions of its catalogs to the right customers: the kids' catalog to a parent and the kitchen catalog to an avid cook. Instead of

renting prospect lists, cross-selling this way allows companies to fully leverage their customer files to identify potential affinities between catalog or product lines.

Upselling and cross-selling products are core components of marketing programs for financial and telecommunications sectors as well. Not only does cross-selling benefit the bottom line, but it actually boosts retention rates for churn-prone industries. According to RightPoint's Faulkner, customers who buy many services from a company almost never churn.

American Century Investments, a financial company that markets more than 60 mutual funds, uses cross-selling to promote additional services to existing customers. The Kansas City, MO, company creates models using demographics combined with its knowledge of clients' fisk tolerance and financial goals.

Explains Stephen Cole, American Century Investments' director of research and development, "We're not interested in anything more than how you respond to financial needs. Are you the kind of person who likes to take control? Do you like to share control? Do you want to give away control to someone else you trust? It gives us a very robust sense of customer knowledge."

photo omitted

To apply that knowledge, American Century uses Clementine 5.1 software from SPSS Inc. of Chicago.

Says Cole, "We're very proactive in our cross-sell. If you own fund X, through the Clementine model, neural net and our own product affinity study, we can identify that you're the kind of person who would own fund Y."

American Century Investments uses direct mail for its cross-selling offers, using versioned mailings based on the offer and the segment. Buyers respond via mail or toll-free phone number.

Once a customer calls, the SPSS cross-selling software kicks in again. Explains Cole, "With our modeling capability, we would know right away what segment this person belongs in based on how they relate to their finances."
Cole says that if the company's models suggest that a person is likely to defect, it steps up its sales efforts.

"We try to show that person some other funds we have that meet their characteristics," he says. "We use the association algorithms we have in Clementine to do that. That tells us that a customer is 80 percent likely to leave, and we also know that given your characteristics, we can predict how likely you are to respond to three different offers, and we will make those through our modeling."

Cole says that using cross-selling gives a response rate two to five times higher than cold sales, while boosting customer retention by keeping customers actively involved in their finances.

"It works," he says. "People appreciate the fact that you're able to respond to their financial needs in a language and message they understand and think is appropriate."

CROSS-CHANNEL CROSS-SELLING

Cross-selling after the sale can be cross-channel as well. An outbound telemarketing phone call may be used to boost a direct-mail credit card offer with a balance transfer, or an e-mail offer may upsell a catalog purchase.

Anne Marie Burgoyne, director of marketing for e-mail marketer Digital Impact, suggests that e-mail can be an effective way to upsell a first-time buyer, a method used by client The Sharper Image. E-mail can be used as an ongoing communication method for continuous upsell (e.g., recontracting buyers when their first supply of products has run out) or for cross-selling a related product. The testing facility of e-mail makes cross-selling a low-risk proposition.

Suggest Burgoyne, "Some companies split up the list according to how often someone has purchased, other clients have 10 categories of products and test among the categories. For example, if they purchased something from one category in the past, is it better to upsell a more expensive item from the same category or to try to cross-sell from another category?"

Many of the techniques and technologies for cross-selling in the call center are outgrowths of the Internet. For example, the Net Perceptions recommendation software used by Amazon.com and CDNOW to make targeted offers on their sites or through e-mail is now available in a call center version, and RightPoint's Real-Time Marketing Suite can be used for both Web and phone.

As the line between online and off-line methods blurs, the distinction between customer service and sales has also faded. Most companies are compelled to introduce selling into their inbound centers, and most customer perceive an upsell or cross-sell offer as a service--as long at the targeting is right.

Lillian Vernon's Berg explains, "It's not like we're selling swamp land in Florida. Customers have our catalog and they're ordering from it, and we're offering them things that go together. A lot of customers thank us for that."

COMPANY NAMES: AMERICAN CENTURY INVESTMENTS; LILLIAN VERNON CORP
COMPANY DEPARTMENT NAME: Marketing & Sales
INDUSTRY NAMES: Financial services; Mail order; Securities
PRODUCT NAMES: Nonstore retailers (596000); Security brokers, dealers,
  and flotation companies (621000)
CONCEPT TERMS: Marketing strategies; Sales strategies; Telemarketing
GEOGRAPHIC NAMES: North America (NOAX); United States (USA)

  5/19/4   (Item 2 from file: 13)
DIALOG(R)File 13:BAMP
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00688693   Supplier Number: 24670025   (THIS IS THE FULLTEXT)
Transform Customer Service Into a Profit Center
(Gathering database information, using automated systems, and long-terms
    sales are among the ways a customer service facility can generate
    profits and increase its value to a company)
Article Author(s): Theis, Peter F
Target Marketing, v 22, n 6, p 28
June 1999

TEXT:
by Peter F. Theis

The new technologies available today allow a customer service center to
offer expanded services and become the hub of a company's marketing
efforts. Outsourcing has certain advantages in providing supplementary
services to generate profit for a customer service center. Its price is
often lower than the cost of an in-house center, but more importantly,
certain call centers have specialized technologies, skills and resources.
Here are some ways a customer service facility can increase its value to a
company and generate profits. In many cases, outsourcing can justify the
cost of these additional opportunities.

Long-Term Sales

A call to a customer service center should be the beginning of a sustained
sales effort. This call is likely the only opportunity the company will
have to get to know the customer and find out his or her needs. Although
some customer service facilities attempt add-on sales while the caller is
on the phone, there is little effort to sell after the customer hangs up.
For some reason, a subsequent contact to an inbound caller is an anathema
to corporate inbound call centers. But selling while the customer is on the
phone can be costly, as it can back up other inbound calls.

However, a follow-up by mail or phone call be very profitable. The customer
service facility can initiate a post-sales follow-up procedure, letting the
caller know what is new and better to meet needs expressed in previous
calls.

Data Collection
A significant way for a call center to profit is by gathering database
information. Incredibly, although there is often a delay for callers trying
to reach customer service agents, little information is gathered while the
caller is on the line and waiting--nor is it gathered after the
conversation with the agent. Capturing information about callers can prove
to be **profitable** if used in future marketing, cross-selling and
upselling efforts.

Adding Automation

Automated systems can be used to free agents to handle more important
applications. For example, a retailer may take both catalog orders and
catalog requests. A caller requesting a catalog could be handled by an
automated system to make more agents available at the live center for
additional profit-generating activities.

Market research can also be performed by an automated system, using natural
language technology. The interviewees can answer conversationally because
the interview responses are gathered and processed in natural language,
meaning no instructions are needed to tell callers to push buttons, "speak
now" or "say yes or no."
Looking Ahead

A customer service center is becoming much more than the name implies. It
is becoming the centerpiece of a company's relationship with its customers,
because it is often the sole direct contact with its customer base. With
today's technologies, the call center of tomorrow will not only serve the

caller, but will be used successfully to build databases, conduct market research and initiate post sales marketing.

Peter Theis is president of ConServIT Integrated Teleservices. For more information, contact ConServIT by phone at (800) 343-2882.

COMPANY DEPARTMENT NAME: Marketing & Sales; Management
INDUSTRY NAMES: Business services
PRODUCT NAMES: Telemarketing services (738928)
CONCEPT TERMS: Customer service; Outsourcing; Profitability

Mapping Future Growth with ISP Business Plans
(Business plans can help guide an ISP and keep it focused; an executive
   summary, proposal for financing, business description and industry
   analysis are all elements of a business plan)

ABSTRACT:
Internet service providers (ISPs) that want to survive and thrive in the future are advised to create a business plan. A business plan can be used for internal and external purposes. Regardless of its purpose, a business plan should include the following elements: the company's mission statement; an executive summary; financing proposals; and a business description. For a business plan created for internal use to be successful, ISP operators should ensure that their plan is supported by their employees. Their business plan should also clearly state goals for themselves as well as company goals. ISP operators should also remember to reward employees who contribute to the achievement of the goals listed in the business plan. Meanwhile, ensuring the success of a business plan for external use requires ISP operators to zero in more on their financial plans and overall summaries. These sections are usually the ones financiers look at first when deciding whether to help a company. Potential business partners also take a look at these sections as they reflect the health of the ISP's business.

TEXT:
photo omitted

by Jason Zigmont

You choose your destiny, and your business plan is your road map. As your ISP progresses from a BBS in your basement to a business, you need to shift from thinking day to day to actually planning your future.

I have heard the debate repeatedly: "I'm too busy fighting fires to sit down and write a plan" or "I've done fine without a business plan before, why do I need one now?" or "I have a plan. I want to get a bunch of

customers and sell out, why do I need to write it down?"
As an account executive for Critical Path, I know the importance of being
able to sell yourself and your business to others. In my recent speaking
engagements for the Internet Service Provider's Forum (ISPF), and The
Florida Internet Service Providers Association (FISPA), I guided people
through creating business plans to direct their companies and how to use
them to better meet their companies' marketing and financial needs.

The short-and-sweet answer is that writing a business plan helps guide your
company and keep you focused. Without one, you're also less likely to get
funding. A complete business plan is the planning guide a growing ISP
needs. A business plan will help you make those hard decisions you come
across while keeping you focused on your overall goal.

Most ISPs suffer from a lack of focus. In 9 out of 10 cases, if you offer
half of your current products and services do, you would actually make more
money. A business plan makes you look at your true talents and goals. Even
if you never look at it again, the exercise of writing a business plan will
make you more profitable.

Here are the good and bad news about business plans. The bad news --
writing a complete business plan will take you at least 60 hours. The good
news -- writing a business plan will keep you focused, and you will easily
gain extra time out of each day.

Business plans may be used for either internal purposes, such as planning,
or external purposes, such as raising capital. No matter what you use your
plan for, you need to write one. As you grow, most banks or venture
capitalists won't even talk to you if you don't have a business plan
(something I will go into in more detail in article five).

THE MISSION STATEMENT

So what goes into a complete business plan? Whether you use it for internal
or external purposes, the essential parts are the same, but the focus may
be different.

For both internal and external use, you will need a strong mission
statement to guide the development of your business plan.

Your mission statement should include your company's purpose, philosophy,
target market, goals and strategies for achieving them. Below is an example
of a mission statement from the sample business plan I wrote for a
fictitious ISP called QEI.net:
Business Concepts and Mission Statement

QEI.net was founded to provide Internet service to niche markets that have
been neglected by other ISPs. The company's stated philosophy is to
profitably provide an unmatched level of service on a personal level to end
users. By designing a scalable internal structure, QEI.net will "Put the
service back in Internet service provider."

QEI.net will specifically market to Connecticut's extensive middle-to-upper
income population and Connecticut's small office/home office (SOHO) market.
This niche is composed of customers who will pay a premium for the premier
service QEI.net is offering, and is currently an untapped market from a
competitive standpoint.

QEI.net expects this commitment to personal service to increase
word-of-mouth sales, therefore lowering customer acquisition costs and
raising **profits** . QEI.net will then **upsell** its existing loyal user base

to raise the average ticket size per user.

After you formulate your mission statement, you will have a good basis for creating your business plan. Most business plans contain the following sections:
While business plans usually follow this order, you will find that the executive summary, financing proposal and business description are summaries of other sections and therefore should be written last.

INTERNAL USE

If you are using the business plan internally, you should make sure everyone has buy-off on it, and that everyone realizes it will guide your business in the years to come. I truly believe everyone in your company should understand your business plan. By understanding it, your employees will tailor their work to advance the plan.

Within your business plan, you want to state goals for yourself and your company. Those employees who help to reach those goals should be rewarded. Rewarding employees based on your business plan goals will keep you on track and focused.

Any changes should be controlled and any decisions based on furthering your original plan. Business plans will change, but the core beliefs and vision rarely, if ever, do.

EXTERNAL USE
If you are using your business plan for external purposes, it will be the number one factor in how you are judged. Even if you know what your strategies and goals are, if you can't communicate them to the people who can fund you, partner with you and buy your products and services, those strategies and goals will do you no good.

When developing a business plan for external purposes you will focus more on the financial plan and the overall summaries, as those are usually read first.

When you plan to raise funds to finance your ISP, anyone looking to give you money will want to see your business plan. Funders will try to poke holes in your plan, and you need to anticipate their arguments and address them.

If your business plan is well written, and well laid out, you are likely to get a response. If your plan is poorly organized and unclear, it will taint your company's image and receive a fitting disapproval. Venture capitalists and banks have stacks of business plans; the key is to make yours stand out above the rest.

Your business plan should go over both the best and worst case scenarios. Many plans read "We have no competition," and other such incredible claims. When I read those claims, I discredit the plan as a whole. One thing you want to display in any business plan is the amount of research you have done. If you say you have no competition, or no way to fail, you will fail. I guarantee it.

Be realistic. The FCC could wipe out the ISP industry as a whole, and as an ISP you need to state that in your business plan. The key is to have a solution to any problem you state. For example, if you state that a competitor could copy your unique selling proposition, then you should have some tactic to combat that.

Be honest, especially in the organizational structure and management analysis. If you failed at another business, state that, but say what you learned from the experience. Nobody is perfect, and problems happen. The key is how you react under pressure.

THE BUSINESS PLAN SERIES

This piece is the first of a series of six on developing a business plan that will appear in upcoming Boardwatch articles. The series is based on the sample business plan I wrote which is available for $50 at: (www.howtosell.net/html/bplan.html).

The plan is based on a Virtual ISP in Connecticut, but is a model that many ISPs can use as a framework. I wrote the sample business plan to help guide ISPs in developing their own. It is not meant to be a cookie-cutter plan, although it is workable.

The series of articles is designed as follows:

Article 1: Introduction and purpose.

Article 2: Industry analysis, market analysis and sales forecast. This article will discuss how to do industry and market analysis, which will help you to determine your sales forecast.

Article 3: Marketing plan. This article will discuss the essential elements of a good marketing plan. It will also discuss strategies, tactics, unique selling propositions and other marketing issues.

Article 4: Operational and organizational plan. This article will discuss designing your operations and management teams. It will also discuss being facilities-based vs. a virtual ISP, and what you should look for in a management team for each type.

Article 5: Financial plan. This article will discuss designing a financial plan and the parts that go into it. Topics include: cash flow budgeting, income budgets and all of the categories of numbers that go into budgeting. This section will also cover potential financing sources, and how and where to get financing.

Article 6: Putting it all together. This article will put all of the information in the past articles together. By the time you read article six, you should have a complete business plan, and this column will tell you what to do with it next.

Remember. Your business plan may take you a while to create, but in the end you will be happy you did it.

Jason Zigmont is an account executive for Critical Path, an e-mail outsourcing company in New York City. Prior to working at Critical Path, Zigmont held positions at Level 3 Communications and Frontier GlobalCenter, and was president of Kilroy's Internet/Empath Systems, an ISP in Connecticut. He is a board member of the Internet Service Provider's Consortium and serves as conference manger of the Internet Service Provider's forum.

Zigmont also maintains HowToSell.net, an ISP industry resource site. He can often be seen speaking at national ISP conferences such as ISPF, ISPCON and most recently as Keynote Speaker at the Florida Internet Service Provider's Association annual meeting. He can be reached at jzigmont@howtosell.net.

Sections of a Business Plan

* Executive summary

* Proposal for financing

* Business description

* Industry analysis

* Market analysis and sales forecast

* Marketing plan

* Operating plan
* Organization plan

* Financial plan.

COMPANY DEPARTMENT NAME: Management
INDUSTRY NAMES: Information industry; Online services; Publishing; Telecom
    services; Telecommunications
PRODUCT NAMES: Specialized telecommunications services   (481397); On-line
    service providers (737500)
CONCEPT TERMS: Business plans

  5/19/9   (Item 7 from file: 13)
DIALOG(R)File   13:BAMP
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00588403   Supplier Number: 24345671   (THIS IS THE FULLTEXT)
Upselling: Resellers Add Training To The Bottom Line
(Adding training as an upsell can be used as a strategy to lower total cost
    of ownership of technology; one strategy is to include executive
    briefings in proposal)
Computer Reseller News, p 49
August 03, 1998
DOCUMENT TYPE: Journal ISSN: 0893-8377 (United States)
LANGUAGE: English RECORD TYPE: Fulltext; Abstract
WORD COUNT: 504

ABSTRACT:
Of the two fundamental approaches commonly used to sell training to
corporate customers, namely serving as an upsell or as a standalone
service, the former is considered a lot easier, logical, and **profitable** .
Being an **upsell** involves taking the role of a customer about purchase an
expensive piece of technology who, after calculating the total cost, is
suddenly taken aback upon realizing the need to include training in the
budget. Notably, most salespeople are wary when it comes to adding
training to the proposed budget. They worry that it will drive the price
way above the customer's tolerant level and might in effect endanger the
sale. However, though this point is acceptable, experts maintain that
having an integrated approach to selling training as part of the service
bundle is far more vital. To make the adding of a training upsell to the
big software deal more easy, the experts suggested the following: include
executive briefings in the proposal; contract to use other big customers

as resources in training; and talk about training from the very beginning.

TEXT:
By: Elliot Masie

Full Text

There are two fundamental approaches to selling training to corporate customers: As an upsell or as a standalone service. The first is a lot easier and can be a lot more profitable.

Organizations such as Oracle and SAP understand this. Large-scale integrators such as Deloitte and Touche live by this understanding. Yet many salespeople who are selling technical products don't get it.

Be a customer for a moment. You are about to spend serious dollars on a piece of technology. Perhaps you are finally choosing an enterprisewide database. Or you are stepping up the electronic-commerce model for your sales organization. Or it is time for a new wide-area network.

You have calculated the cost of the hardware, software and service. You have a sense that training hasn't been included in the budget, yet you know that it will be critical in the process.

Here is the upselling of training moment.

Some salespeople are afraid to add training to the proposal. They worry that it will drive the price above a customer's toleration level and might endanger the sale. Some salespeople do not have training to sell; they are not part of an organization with a deal to bundle training into the contract price. Others are worried that it will extend the time to closing and distract the buyer.

All are manageable points. But there is no excuse not to have an integrated approach to selling training as part of the service bundle. In fact, if done correctly, training can be used as a strategy for lowering the total cost of ownership and integrating the technology into the organization.

Some customers won't play. Their training budgets are held in a different part of the organization or they may have a policy of leasing equipment that precludes adding training to the mixture. Some training providers are far away from the selling process, lacking relationships with equipment and software distributors.

Here are some tips for adding the training upsell to the big equipment/software deal:

- Include executive briefings as well as technician training in the proposal. Show that you are capable of getting the entire organization ready, not just the worker-level folks.

- Contract to use other "big customers" as resources in training. Use subject-matter experts from similar organizations that are implementing parallel projects as part of your network of experience.

- Talk training from the first moment. Don't be afraid to use phrases such as "training" or "skills" in your sales approach. Condition your client to the real and total mixture of product and service that will make this process a success.

- Look for under-occupied arenas. I have not seen many ISPs offering

organizational training for managing Internet access within an
organization.

Make a deal with your ISPs to be their training arm. Likewise, major
purchases of laptops may signal an opportunity to do massive sales force
automation training. Drill for the partnerships.

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August 03, 1998

COMPANY DEPARTMENT NAME: Marketing & Sales
PRODUCT NAMES: Computer and office equipment   (357000)
CONCEPT TERMS: Selling; Training

 5/19/10   (Item 8 from file: 13)
DIALOG(R)File 13:BAMP
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ABSTRACT:
Telephone add-on sales techniques can only be effective when done using the
correct offer, the appropriate information, and through well-trained
salespeople. Upselling and crossselling on the telephone should be focused
on ultimately providing the particular needs of a customer. Telephone
add-on sales work if they provide tangible and understandable benefits.
However, providing unclear benefits often does not work. Despite this
logic, numerous marketers often dwell on what they want to sell instead of
considering what their customers want. Another way to ensure successful
add-on program is being able to determine the sufficient amount of
knowledge about prospective customers and the previous purchases they made
before deciding to offer them specific up/cross sell or add-on options.
This decision can be influenced by a number of factors. These factors
include: the time that has passed since the prospect made his/her last
purchase; the responsiveness or unresponsiveness of the prospect; the type
of the prospect, whether he/she is from a business organization or a plain
consumer; and the prospect's level of purchasing authority. Article
provides several suggestions for some types of telephone add-on sales, such
as for outbound business-to-business transactions.

TEXT:
BY MARY ANN FALZONE

ADD-ON PROGRAMS CAN WIN BIG WITH THE RIGHT OFFER, THE RIGHT INFORMATION AND THE RIGHT REPS

THE ART OF upselling and cross-selling on the telephone has one absolute golden rule: The customer must win. When the benefit from your add-on sale is both tangible and instantly understood, such a program will work every time. flit takes a stretch of the imagination or a leap of faith to grasp how the customer could possibly **profit** by the exchange, the upsell or cross-sell just won't fly.
Sound like common sense? It is. Yet, that doesn't stop many marketers from focusing on what they need to sell instead of what the customer needs to buy and why they'd want to buy it.

Another key variable in crafting a successful add-on program is determining how much you need to know about prospects and their past purchases before offering a particular up/cross-sell or choice of add-ons. A host of factors may affect this decision, including: whether the targeted prospect is a business or consumer; the complexity of the sale; the length of the buying cycle; the length of time since his or her last purchase; the availability of similar products or solutions on the market; the level of purchasing authority; and whether the contact is responsive (they call you with an immediate need) or not (you've called a customer with whom you have some level of relationship).

Let's explore some examples.

Outbound business-to-business--computers and peripheral equipment to home-based businesses:

* Pluses: The decision maker is easily identified and usually accessible.
* Minuses: Computer equipment is quickly outdated, readily available from any number of retail or direct outlets and highly price competitive. Even if you have sold them computer equipment in the past (and have a somewhat warm relationship), prospects are not expecting the call and not likely to be thinking about their computing needs at that moment--unless, of course, the system is down or the prospect is having trouble using it--in which case you've inadvertently opened a can of worms.

* You'd need to know: how the home business uses the equipment, the current system configuration, how old the equipment is, how it has been customized by the user and the limitations of the current system.

* You'd need to offer: specialized products or services that apply to a wide range of businesses and are not readily available elsewhere.

On the whole, this upsell or cross-sell situation falls toward the more complex range of potential projects and may not be financially viable by telephone.

Let's change some of the variables and see how they'd affect an upsell equation. Instead of home-based businesses, we'll target small businesses in a vertical market (independent community banks) whose day-to-day transactions are dependent on an older version of a legacy software system. The newest release you're offering has been debugged and will solve many of the problems in the old version which typically bring down the system. Better yet, the older version will no longer be supported free of charge, starting in 60 days.

This second case is an upsell no-brainer: Many prospects will be very interested in converting to the new release and quickly. Most will also appreciate the heads-up call, whether they update their software or simply

explore options for paid tech support on the older release.

The inbound version of this scenario is also strong: a bank who calls in with technical problems related to the old software or is looking for a compatible peripheral is a likely prospect for the new release. In this case, however, remember that you still have a number of potential obstacles to the upsell.

First, Sue Banker who is calling in about the problem may not have buying authority for the new software. Or she may have a vested personal interest in keeping the outdated software (if she has built job security on being the only person who can troubleshoot the old version).
Secondly, Joe Bithead, the tech support rep fielding the call, may not have access to accurate information about which release the bank is currently using. Or he might lack the selling skills or mindset to make the sale. Likewise, he may feel that his job could be at risk if the new release reduces trouble calls to his technical service department.

When up- or cross-selling to consumers, campaigns are typically less complex, particularly on inbound calling programs. Either you need to know what you've sold them in the past (and what their future needs are likely to be) or you don't.

Let's go back to the computer example, this time for personal use. When I want to add an internal modem and fax broadcast software and call the Add-On Peripheral Department of my computer manufacturer, I expect the rep who fields my call to access information about my current system via my customer number and to recommend a product that's compatible and easy to install and use.

On the other hand, when I call to order general merchandise from a catalog, I may be interested in hearing about other items whether or not they're related to past or current purchases. When offering discounted items, customers may be more receptive when asked for their permission to be pitched: We also have a number of telephone specials today, would you like to hear about them?

In addition, add-on upsell and cross-sell programs from third party vendors have become increasingly popular with both direct marketers and their customers because they can help reduce the cost of providing telephone service while introducing customers to added value products or services.

Here's how they work: your company adds a pitch for the vendor (a free pre-paid calling card or free trial membership in a discount buying service or travel plan, for example) to the end of the sale verification as a thank you:

To thank you for your order ... As one of our valued customers ... We'd like to offer you...

Depending on the program and whether it's inbound or outbound, the vendor may pay a fee every time the script is read or every time a customer accepts the featured upsell. Fulfillment and service for the program is completely handled by the vendor. Your company simply tags on marketing for the add-on to your existing telephone sales operation.
When evaluating such programs, be sure to investigate the vendors' program first (get a card or a membership and try it out yourself). Ask for references and explore issues like conversion rates and customer satisfaction with companies who have been clients for a while. And make sure you test before you roll-out any third party add-on campaign.

MARY ANN FALZONE is president of Falzone & Associates, Chalfont, PA, a call center consultancy specializing in live representative and automated voice response telephone programs. She can be contacted at (215) 822-8941 or by e-mail at mafalzone@compuserve.com.

Beware of the Traps!

Whether internal or external, your up/cross-sell program can be sunk by any of these common problems:

* Not being prepared for the customer's information or service needs of the call.

* Putting your agenda (to sell the add-on) above the customer's agenda.

* Failing to provide telephone reps with the information they need to determine if the up/cross-sell is appropriate and to tie it into the current transaction.

* Expecting reps without the necessary skills or training to be able or willing to cross-sell or upsell.

* Offering reps no additional compensation or incentives.

photo omitted

COMPANY DEPARTMENT NAME: Marketing & Sales
CONCEPT TERMS: Marketing strategies; Telemarketing

 5/19/19   (Item 6 from file: 15)
DIALOG(R)File 15:ABI/Inform(R)

01065863 97-15257
Fine-tuning upsell technique
Miller, Paul
Catalog Age v12n7 PP: 61 Jul 1995 ISSN: 0740-3119 JRNL CODE: CTA
DOC TYPE: Journal article LANGUAGE: English LENGTH: 1 Pages
WORD COUNT: 576
GEOGRAPHIC NAMES: US

DESCRIPTORS: Catalogs; Mail order houses; Telemarketing
CLASSIFICATION CODES: 9190 (CN=United States); 8390 (CN=Retailing industry)
   ; 7300 (CN=Sales & selling)

ABSTRACT: For catalogers, the delicate balance between peddling and putting off that is characteristic of the practice of telephone upselling is not becoming any easier to negotiate. Two forms of upselling work for most markets, says Ken Canaway of DM Management. With coordinate selling or cross-selling, order-takers can offer items that go with the item a customer has just requested. With daily specials on excess inventory, telemarketers offer "today-only" discounts on particular items.

TEXT: Telephone upselling's a hot option for many catalogers these days, but that doesn't mean the delicate balance of peddling without. putting off has become any easier.

It has been more than a decade since toll-free ordering from catalogs became commonplace. In the years since, attempts to persuade customers to buy more than they called for have gradually become common practice. In fact, 57% of respondents to the 1995 CATALOG AGE Benchmark Report on Operations indicate that they try to sell more to a customer once she has placed an order. Catalogers as diverse as DM Management, Oriental Trading Co., The Nature Co. and DatCal Corp. all utilize some form of telephone upselling.

Providing upselling tools

Two forms of upselling work for most marketers, says Ken Canaway, director of operations for apparel cataloger DM Management. With "coordinate selling" or "cross-selling," order-takers can offer items that go with the item a customer has just requested. With "daily specials" on excess inventory, telemarketers offer "today-only" discounts on selected items.

To help their telemarketers with either form of upselling, DM Management and other catalogers also have a mechanized system in which their computer screens prompt CSRs with appropriate products. In DM Management's case, for example, "the computer determines [excess] inventory at the end of a day or season," Canaway says. Telemarketers can then subtly promote overstocks at a discount.

Overstock sales such as these are particularly effective for toy and novelty cataloger Oriental Trading Co. Telemarketers at Oriental Trading upsell by offering quantity discounts on overstocks as prompted on their monitors, said case lot supervisor Jack Nisi at a recent trade conference. The mechanized system, which Nisi said Oriental Trading updates weekly, "moves out products big-time." But many catalog executives who administer an upselling process walk a tight rope:

* They must make sure the practice doesn't put off customers;

* They need to train order-takers to sell;

* They must provide incentives that not only inspire sales, but also keep toll-free phone calls reasonably short and inexpensive. Once the calls become longer than ordinary, the incremental income earned by the upsell can be offset by an escalating phone bill.
A '75-25 rule'

Combining all these goals is a tall order for any training program. The ideal tutorial trains phone reps to present options and alternatives to customers; phone reps are trying to educate customers a bit--not sell anything, says Rudy Oetting, senior partner of Oetting & Co., a telemarketing consultancy. The pitch, Oetting says, should not only be soft, but also short and sweet. "Otherwise, when you increase the average length of the call, you're increasing your costs," he says, "which impacts **profits** ."

Oetting estimates that catalogers, on average, can successfully **upsell** 20% to 25% of the time. "But that means the cost of the other 75% to 80% also has to be factored in," he says. "So you have to provide the rep with quickly stated options that are effective without significantly increasing phone time."

While telemarketers watch the clock, they must also approach customers gingerly or else risk losing the original sale and/or the customer for good. To be sure their telemarketers are doing the best job possible, some catalogers offer telemarketers modest incentives for each upsell. Others,

taking into consideration that many order-takers are uncomfortable in a "sell" mode, base their Incentive systems on staff averagessuch as dollars per order, total extra orders or the number of additional items sold--to relieve any pressure on individual order-takers.

As the indoor air filter category grown, high-end electrostatic models surge.

TEXT:
(Filtrete.sup.TM) is the #1 brand
Filtrete has significantly contributed to doubling the market size of indoor air filters to over $240 million. (*) It could soon double again as consumers increasingly choose electrostatic Filtrete over low-end fiberglass.

Filtrete leads the high efficiency category with the #1 dollar and unit share, posting dollar sales more than triple its nearest competitor. As people learn the brand's value, it's growing at a 4 times faster rate than permanent washable filters.

The need is great, prospect are strong
People spend up to 90% of their time indoors. Studies by the Environmental Protection Agency show that indoor air pollutant levels may be 2 to 5 times higher than outdoor levels. The EPA has identified indoor air quality as one of the five most urgent environmental risks to public health.

Today's tighter, better insulated homes can limit natural ventilation and trap airborne contaminants inside -- creating a compelling need for Filtrete.

The need is even greater for the 15 million Americans with asthma, and the 35 million+ with hay fever and other allergies, as estimated by the American Lung Association and the American Academy of Allergy, Asthma and Immunology. Further, ALA and the National Center for Health Statistics say that between 1982 and 1994, asthma rates in adults rose 61%, and for children it climbed 72%.

Who's benefiting most, besides consumers?
Home center sales are advancing. Their unit sales grew 14% last year, adding to their 38% share of the nation's sales in filters. (*) Mass merchants and independent hardware stores capture the rest of the gains.

How do Filtrete Filters Work?
Filtrete works like no others--in stores and at home. Filtrete Air Filters have permanent electrostatically charged fibers to capture more microparticles other filters miss--as much as 30 times more!--for up to three months' performance. 3M strives to reach the optimal balance of air flow and capture rate.

Each Filtrete filter is backed by technology and designed for consumers. Whether allergy sufferers, pet owners, smokers or nonsmokers, people want clean air and less dust in their homes. Filtrete has the broadest line of high-end electrostatic filters to meet specific needs.

Consumers prefer the line's technological superiority, and trust 3M to provide innovative solutions to their needs.

Retailers rely on the Filtrete program to **upsell** consumers and build incremental **profits** . 3M created the category, and some retailers stocking the program have already shifted 30% of their overall filter volume to lucrative high efficiency filters.

The Filtrete Profit Difference

3M replanogrammed a group of stores for a major hardware retailer, leaving one store as a control. The chain replaced half of its fiberglass filters on display with additional Filtrete products. The results were stunning.--Source: 3M

Comp-stores test of the full Filterte program versus a typical retail set

On very similar unit sales and display footage, Filtrete produced: % gain

* $3.45 more in retail dollar sales for every filter sold   42%

* $1.30 more in gross profit dollars for every filter sold   34%

* Total filter category dollar sales surged   52%

* Total filter category gross dollar profits climbed   50%

1 Complete high-performance program: the tradeup customers and retailers seek

Dust off your bottom line with 3M's fourth generation of Filtrete Air Filters. Chains that carry the full three-filter program see the greatest results by upselling consumers to this high GMROI line.

The electrostatic Filtrete line ranges from $5.99 to $13.99 retail at high margins-far more productive than fiberglass filters at under $1.

2 3M credibility is a breath of fresh air to consumers

3M is one of the most trusted names in America. Its broad line of quality products makes people more productive, healthier and more comfortable.

Filtrete, a fast-growing brand, brings 3M credibility to the indoor air filter market, having created the high-end that works best for consumers and chains.

3M is also an educational partner with the American Lung Association Health House Project. The mission: show consumers ways they can improve home air quality, and raise standards for healthier indoor environments.

3 Support and education drive demand

3M is teaching Americans they can improve indoor air quality through extensive media advertising, public relations, point-of-sale brochures and videos, and header cards that explain the category.

1999 media spending is up for the 4th straight year, bringing Filtrete to more homes than ever. Television, radio and print campaigns keep Filtrete a household word year-round, and maximize peak heating, cooling and allergy seasonal sales.

Your 3M annual annuity

To maintain optimal indoor air quality, consumers need to replace furnace filters 4 times annually and room air conditioner filters 6 times.

3M's unique, effective reminder program guides people to local stores carrying Filtrete Air Filters. Reminder letters and biannual newsletters spur frequent replenishment visits.

Simplifying purchases at the store

Displayers and educational materials add value and make trade-up sales likelier by explaining the category.

4 Category management expertise

* Strategic planning and partnering
* Channel-specific and key account teams
* Brand leadership
* Superior technology and products
* End-user profiling to create store-specific assortments
* Distinctive Intercept planogram analysis
* Proprietary Wisdom profit analysis
* Efficient promotion analysis
* Vendor-managed inventory
* Profit maximization at retail
* Extensive consumer support after the sale
Did you know that...
* A retailer has to sell 4 cases of fiberglass filters to equal the profit from the sale of a single Filtrete Air Filter. Yet 84% of unit sales are still in low-end fiberglass.
* 95% of people who have used Filtrete say their indoor air quality improved.
* 90% of people perceive Filtrete to be different than other products available.
* 80% of users say they'd purchase Filtrete.
* 3M Filtrete brand awareness is 45% higher than the nearest competitor.

INDUSTRY CODES/NAMES: BUSN   Any type of business; RETL   Retailing
FILE SEGMENT: TI File 148

5/19/33   (Item 10 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
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06193922   SUPPLIER NUMBER: 12999893   (THIS IS THE FULL TEXT)
Strategies for local market management. (Column)
Hall, Robert E.
American Banker, v157, n223, p4(2)
Nov 19, 1992
DOCUMENT TYPE: Column   ISSN: 0002-7561   LANGUAGE: ENGLISH
RECORD TYPE: FULLTEXT; ABSTRACT
WORD COUNT: 1213   LINE COUNT: 00099

ABSTRACT: Enlightened banks realize that 3-5% of customers can account for 40% of deposits and that 10% of customers can account for 80-90% of profits. Local market management involves retaining high-value customers, optimizing customer mix by attracting high-potential customers, using up-selling and cross-selling to attract these high-potential customers and reducing the cost of servicing unprofitable customers.

TEXT:
    A new movement is quietly stirring in the banking industry that will dramatically change how banks do business.
    The movement is local market management, and it is championed by some of the most innovative and profitable financial institutions. It is a direct response to one of the most disturbing trends challenging retail banks today: the loss of deposits in the high-value customer segment.
    The more enlightened banks understand that this trend dictates the future of retail banking and recognize the need for local market management - yet they are still struggling to find a way to make it work.
    Within the consumer and small-business customer base, the relative profit contribution varies greatly across customer segments. Typically, 3% to 5% of the customers account for more than 40% of the deposits, and 10%

contribute 80% to 90% of the profits.

In fact, in a 1991 American Banker commentary, Sanford Rose asserted that as little as a 10% shift in the customer mix in a local branch can have a 60% impact on profitability.

Further, the current environment of bank mergers, name changes, and low interest rates has put a number of these high-value customers in play. However, the ability to retain such customers is being undermined by reductions in branch staff and a decline in service.

At What Cost?

Meanwhile, as banks compete heavily with nonbanks and cost-conscious banks, the pressure to become a lower-cost producer has never been greater. Yet many of the measures for across-the-board cost reduction are further eroding relationships with high-value customers.

And quality initiatives designed to improve in-branch service generate little value for many of the best customers, who never come into the branch.

The critical question for bank management is, "What are we doing to protect our franchise?"

Management must have a more effective set of practices for managing high-value "A" customers while lowering the cost of serving unprofitable or marginal "C" customers.

These practices define a strategy called local market management, which focuses on four critical tactics throughout the branch system:

* Retaining high-value customers.
* Accumulating high-potential customers through cross-selling and **upselling** .
* Attracting the most **profitable** prospects in order to optimize the customer mix.
* Reducing cost or reallocating resources for serving unprofitable customers.

Coherent Message

Key to this strategy is communicating a coherent message to the front line about providing the right sales effort, with the right service delivery, to the right customer at the right cost. The difficulty is making this strategy work in highly diversified local markets.

For example, the strategy for retaining high-deposit seniors in one market may be quite different from the strategy needed two miles away for accumulating young, dual-income couples. To borrow from Sam Walton's first principle of retailing at Wal-Mart, "We must think one store at a time."

The incongruity between what enlightened management would like to do and what is actually occurring day in and day out in the branches stems from the fact that most banks do not have a working model for competing at the local level.

Yet the battle is being won or lost in each market against the local independent bank, credit union, brokerage office, or branch of another large bank.

My firm recently surveyed retail executives of 35 commercial banks, each with more than $1 billion in assets, to assess their level of interest in local market management and their rate of progress toward a market-focused, segmented strategy.

As anticipated, some interesting trends surfaced. Of all respondents, 88% stated they believed that local market management is critical, and yet of that group:

* Only 15% said they tier their customers by relationship profitability.
* Only 5% said they set growth goals by market segment, identified and managed at the local level.
* Only 35% said they provide market segmentation training as part of their sales and service strategy.
* Only 17% said they provide managers with training to analyze market data and develop a market plan.

* Only 18% said they augment their competitive profiles with locally gathered market data.

* Only 29% said they have a strategy for enhancing service quality for their best customers while lowering the cost of service delivery to their least profitable ones.

These findings, published in a report titled, "Local Market Management - Assessing the Need," clarify the problem.

A local market management strategy depends on the ability of local units to analyze market potential, assess competitive encroachment, evaluate customer profitability, identify means for lowering cost against key segments, establish better service for targeted market groups, and merchandise and promote based on priority segments.

It is important to ask, "What have we done locally to equip our people for these tasks?"

Management Model Needed

For branches to succeed, there must be a model for local market management, and employees must be trained in the critical skills they need to build a fence around their "A" customers and to lower the cost of serving to their "C" customers.

Everyone is doing something, but little has been done to install a learning system that institutionalizes the critical practices of winning the local market. These, market management practices fall into three broad areas:

* Market Analysis. Assessing the market potential and competitive forces; evaluating and tiering existing customers, and targeting key local markets.

* Market Planning. Determining the desired mix of customers for the branch, then aligning sales, service, cost, facilities, merchandising, promotion, and staffing to support the plan relative to retention, conversion of high potentials, attraction, and cost reduction.

* Market-management Implementation. Setting market-specific goals, training, coaching, and measuring, and then providing an automated customer management system for retaining and increasing "A" customers.

Talk, Not Action

Many banks have proclaimed the strategy of local market management for several years, but in bank after bank, the same old practices persist. Talk is about retaining the "A" customers while time is spent managing lines full of "C" ones.

Service hogs and squeaky wheels get the "service" grease while preferred customers don't get preferred service. Branch renovations and openings aren't based on market analysis, and cross-selling efforts aren't focused on growth opportunities.

An average branch invests 20,000 to 30,000 man-hours each year managing a trade area. Too often it is reactively managing the noise, rather than proactively managing the market potential.

The shift to local market management is the single most critical challenge facing retail and small business bankers.

However, it is misguided to initiate a bold cultural change without providing an effective system to make it happen. Where a market management system has been implemented, cultural change does occure and there is a potential for 8% to 10% profit improvement in the first year.

In "The Fifth Discipline," Peter Senge writes that "success depends on what we as an organization learn." Learning to profitably win local markets - where to sell and service in a more focused way as well as where to reduce costs - is the key.

01658458 Supplier Number: 24374624   (THIS IS THE FULLTEXT)
B-to-B Catalogs' Online Customer Service Disappoints
(Business-to-business catalogers failed to integrate their fulfillment and
  customer service operations with their online marketing efforts)
Direct, p 52
September 01, 1998
DOCUMENT TYPE: Journal ISSN: 1046-4174   (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 335

TEXT:
BY RAY SCHULTZ

BUSINESS-TO-BUSINESS catalogers have failed to integrate their fulfillment
and customer service operations with their online marketing efforts.

That's the conclusion of Curt Barry, president of F. Curtis Barry & Co.,
based on the results of an online customer service survey conducted by his
finn. In the study of customer service at 12 B-to-B catalog companies,
Barry found most failed to give product availability or provide an order
confirmation. On the other hand, they tend to ship more quickly than their
consumer counterparts.

Leading the pack in overall customer service was MicroWarehouse, with a
total weighted score of 57%. The lowest were Viking Office Products and
Seton Identification, with 35%. The second highest rating, 53%, was for
Computer Discount Warehouse, followed by Ben Meadows at 49%. Though
celebrated for its marketing, New Pig scored only 39%.

MicroWarehouse scored highly by giving item availability and volume
discount pricing online, and by suggesting **alternate** **products** and
upselling . The firm also accommodates purchase orders and house credit
accounts online, and observes many other standard fulfillment procedures.

In   contrast, Viking fails to upsell, put discount pricing online, and
provide item availability or suggest alternate products. However, Viking
and Reliable Office Products were the only two sites to show list price vs.
their price for products. Only 33 % of the B-to-B sites noted product
availability.

"This is really low," Barry said. "When I hit the enter key, I'd like to
see if the item is in stock or not. The order receipt levels show that
these companies have good stock levels. They should trumpet it."

Barry cautioned that the scores, based on a variety of criteria, do not
necessarily indicate one company's fulfillment is better than another's. He
also said not all criteria fit every catalog studied. All catalogs scored
over 30%, the dividing line between a decent and dismal showing. The
average score for more traditional telemarketing-based sales is 75% to 80%.
Results were presented during the recent Acxiom/Direct Media B-to-B Co-Op
in White Plains, NY, and had been commissioned for the event.

INDUSTRY NAMES: Mail order
PRODUCT NAMES: Catalog and mail-order houses (596100)

CONCEPT TERMS: All market information; Trends
MARKETING TERMS: All campaign; All media; All research;
  Business-to-business; Catalogs; Public opinion; Internet
GEOGRAPHIC NAMES: North America (NOAX); United States (USA)